

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

### FY 1999 ANNUAL PROGRAM PERFORMANCE REPORT

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established in October 1994 as part of the U.S. Department of Agriculture reorganization. The mission of the Agency is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA is composed of two major programs: (1) Packers and Stockyards Program and (2) Grain Program.

More information regarding GIPSA's programs can be found in the GIPSA Strategic Plan and Annual Performance plans. Only federal employees were involved in the preparation of this report.

The following table provides summary information on GIPSA's achievement of FY 1999 Performance Goals.

GIPSA PERFORMANCE SUMMARY			
Strategic Goal/ Management Initiative	FY 1999 Performance Goals	Performance	
		Target	Actual
Goal 1: Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.	Ensure a fair, open, and competitive marketing environment for livestock, meat, and poultry: Investigations (#) Violations corrected within 1 year of investigation's starting date (%) Assessment of the dollar value to producers resulting from correcting violations of the Packers and Stockyards Act (in thousands of dollars)	1,700 92% \$23,000	1,218 98% \$12,600
Goal 2: Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.	Increase the efficiency grain inspection and weighing processes: Method evaluations completed to maintain critical methodology (%) New and/or improved methods or tests (#)	100% 10	94% 49
	Provide a standardized framework for the U.S. grain trade: Statistical accuracy of original inspection results (%) Standards under review (#)	93% 3	95% 3
	Provide cost effective and responsive official grain inspection and weighing services: Cost (\$) of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product Cost (\$) of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product Satisfied customers (%)	\$0.24 \$0.84 88.5%	\$0.22 \$0.90 N/A
	Protect the integrity of U.S. grain marketing: Official Agency compliance with designation criteria (%) Statistical accuracy of Official Agency inspection results (%) Complaints and violation reports investigated (#) Trade issues resolved (#)	100% 94% 50 5	100% 95% 43 10
MI 1: Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.	GIPSA discontinued its FY 1999 performance goals. Refer to Appendix A.		
MI 2: Ensure prudent financial management throughout the Agency.	Number of deficiencies and/or nonconformances.	0	0

**Goal 1:** Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.

**Objectives:** 1.1 - Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are engaging in any practice with the intent or with the effect of limiting or restricting competition. Initiate appropriate corrective action if evidence of anti-competitive practices is disclosed.

1.2 - Identify and correct unfair, deceptive, or discriminatory trade practices in the livestock, meat, and poultry industries.

1.3- Provide financial protection to livestock and poultry producers by ensuring subject firms and individuals comply with the payment, custodial, trust, bonding, and financial provisions of the P&S Act.

### Key Performance Goals

Ensure a fair, open, and competitive marketing environment for livestock, meat, and poultry:

Investigations (#).

**Target:** 1,700

**Actual:** 1,218

Violations corrected within 1 year of investigation's starting date (%).

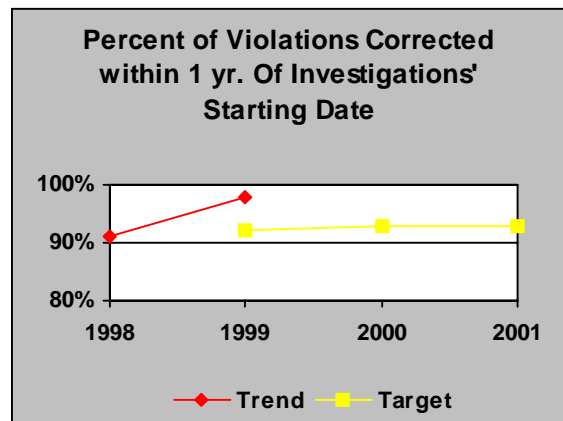
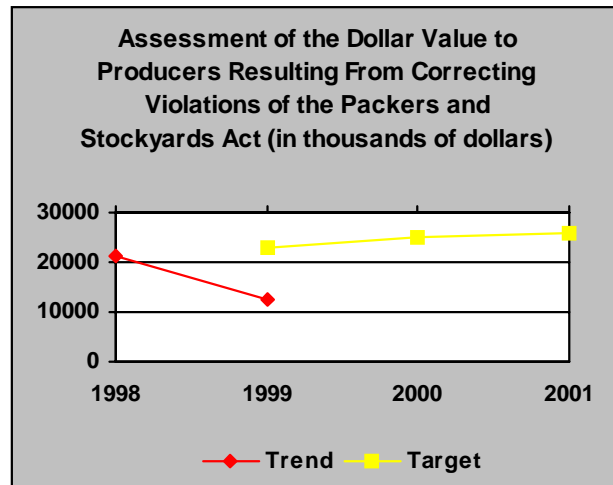
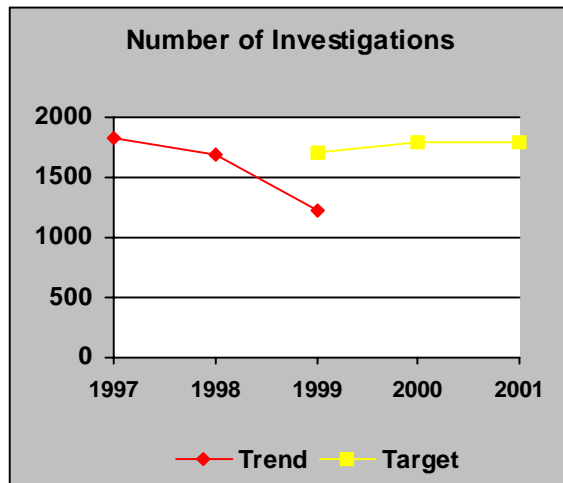
**Target:** 92%

**Actual:** 98%

Assessment of the dollar value to producers resulting from correcting violations of the Packers and Stockyards Act (in thousands of dollars).

**Target:** \$23,000

**Actual:** \$12,600



Year	Number of investigations corrected within 1 year of the investigations' starting date	Total number of investigations	Violations corrected within 1 year of investigations' starting date (%)	Target
1998	1,396	1,532	91	
1999	1,060	1,077	98	92%
2000				93%
2001				93%

**1999 Data:** Internal Agency procedures are used to measure the number of investigations, the percent of

violations corrected/issues resolved within 1 year of the investigations' starting date, and the dollar value returned to producers resulting from correcting violations of the Packers and Stockyards Act. This on-going tracking process begins when an investigation is opened by a regional office and concludes when the investigation is closed. Guidelines designed to promote uniform recording of this information into an electronic investigation/complaint log have been developed. Each quarter the information recorded in the complaint/investigation log maintained in each regional office is compiled and reviewed. The review includes selection of a representative sample of the investigations for verification and validation with the investigator directly involved in the investigation. The quarterly review promotes consistency and accuracy in reporting the results of investigations.

**Analysis of Results:** The performance goal was not met. The 1,218 investigations completed did not meet the target of 1,700. Also, the \$12,600,000 returned to producers resulting from the correcting of violations of the Packers and Stockyards Act did not meet the target of \$23,000,000. The number of investigations and dollar amount of recovery were considerably less than estimated largely due to the wholesale restructuring of the Packers and Stockyards Program. During FY 1999, the Packers and Stockyards Program transitioned from 11 field offices to 3 regional offices. Thirty-five employees resigned or retired during the fiscal year and the realignment resulted in the relocation of 43 employees. Twenty-five new technical employees were hired in FY 1999.

**Descriptions of Actions and Schedules:** In FY 2000, GIPSA will continue to hire new employees to expand the Packers and Stockyards Program's economic, legal, and computer expertise to address industry structure and competition issues. Pending adequate funding, the Agency anticipates completion of its hiring initiative by mid-FY 2000. As a result, GIPSA anticipates meeting its program goal and associated indicators for this program in FY 2000 and beyond.

**Current Fiscal Year Performance:** Since the major restructuring of the Packers and Stockyards Program is nearly complete, GIPSA does not foresee that FY 1999 performance is indicative of future performance. Additional auditors and marketing specialists and economic, statistical, and legal expertise have been added in the field offices to pursue investigations of anticompetitive practices, financial and trade practice violations in the livestock, meat, and poultry industries. The restructuring plan will strengthen the Department's enforcement of the Packers and Stockyards Act and enable GIPSA to meet its performance goal.

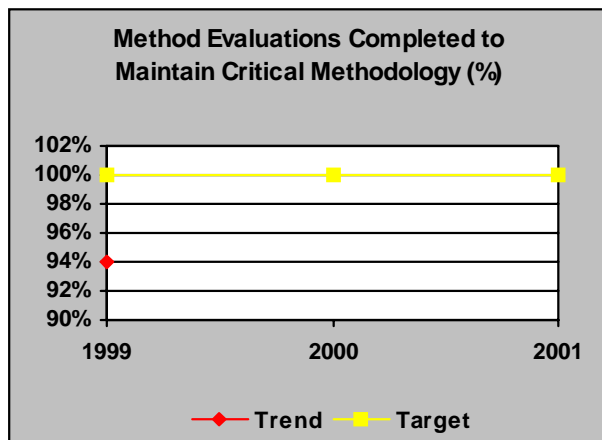
**Program Evaluations:** No program evaluations were conducted in FY 1999.

**Goal 2:** Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

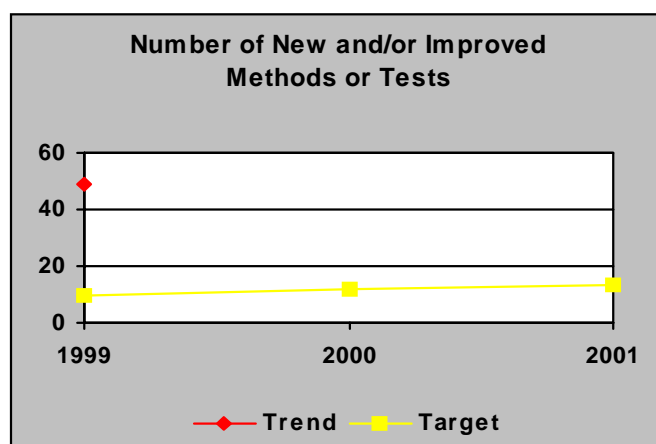
**Objective 2.1:** Increase the efficiency of U.S. grain marketing by harnessing technology to streamline grain inspection and weighing processes and providing objective measures of grain quality, quantity, and end-use value.

### Key Performance Goals

<u>Increase the efficiency grain inspection and weighing processes:</u>	
Method evaluations completed to maintain critical methodology (%).	
<b>Target:</b>	100%
<b>Actual:</b>	94%
New and/or improved methods or tests (#)	
<b>Target:</b>	10
<b>Actual:</b>	49



Year	Number of Completed Evaluations	Number of Planned Evaluations	Percent of Method Evaluations Completed to Maintain Critical Methodology	Target
1999	29	31	94	100
2000				100
2001				100



**1999 Data:** Internal Agency procedures are used to track method evaluations which are completed and the number of new and/or improved methods or tests. At the start of each fiscal year, the Agency's Technical Services Division (TSD) establishes a prioritized list of those methods which, in its assessment, need to be evaluated. Throughout the year, TSD tracks whether the listed methods have been evaluated and calculates the percentage of planned evaluations which have been completed.

TSD and the Agency's Standards and Procedures Branch (SPB) are responsible for tracking new and/or improved methods or tests. Throughout the fiscal year, TSD keeps a running list of new methods and tests introduced by GIPSA or those methods and tests which GIPSA has improved. At the end of the fiscal year, TSD shares the list with SPB for review, and by working together, TSD and SPB agree to a final list of new and/or improved methods or tests. Shortly after the start of the new fiscal year, TSD and SPB submit the validated list to the Office of the Deputy Administrator for the Grain Program. Existing documentation within the Agency validates and verifies the action items were completed.

**Analysis of Results:** The performance goal was met. Although the percentage of method evaluations completed to maintain critical methodology of 94% did not meet the target of 100% for FY 1999, GIPSA's ability to introduce new and/or improve 49 methods or tests far exceeded its target of 10 for FY 1999.

The FY 1999 annual performance plan contained additional measures for this objective, however GIPSA analyses determined that these measures did not contribute appreciably to the measurement of program performance and are discontinued for FY 2000. See Appendix A for an explanation regarding the discontinuation of these measures.

**Descriptions of Actions and Schedules:** The Agency's Technical Services Division is revisiting its prioritized list of those methods, which in its assessment, need to be evaluated during FY 2000. Even though the Agency exceeded its target for the number of new and/or improved methods or tests, it is also re-evaluating its target for FY 2000 and beyond in an attempt to bring projections and actual levels of performance more in line.

**Current Fiscal Year Performance:** As mentioned above, the Agency is reevaluating targeted levels of performance for FY 2000 and beyond based on actual levels of performance in FY 1999. The Agency anticipates completing this re-evaluation in December 1999. At that time, the Agency will be in a better position to determine whether adjustments are needed in targeted levels of performance.

**Program Evaluations:** Other than internally tracking method evaluations which are completed and the number of new and/or improved methods or tests, GIPSA did not conduct any program evaluations.

**Objective 2.2:** Enhance the uniformity of grain quantity and quality measurements to promote a more standardized framework for trade in the U.S. grain marketing system.

### Key Performance Goals

#### Provide a standardized framework for the U.S. grain trade:

Statistical accuracy of original inspection results (%).

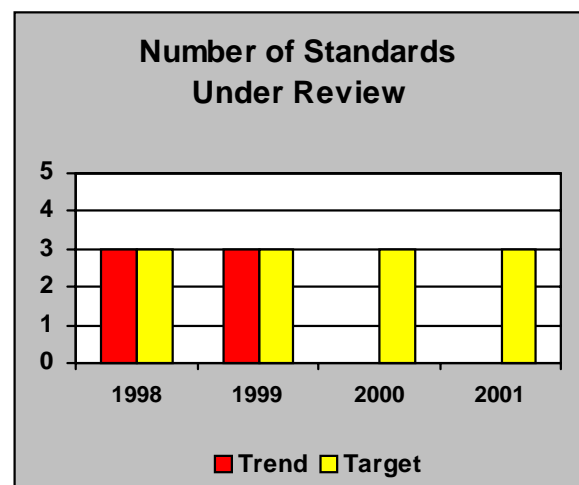
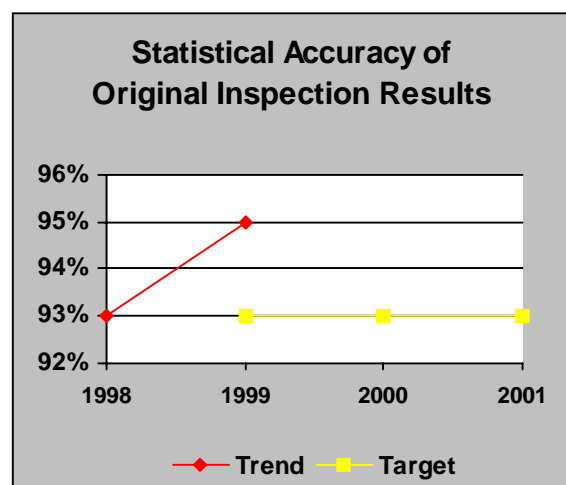
**Target:** 93%

**Actual:** 95%

Standards under review (#).

**Target:** 3

**Actual:** 3



**1999 Data:** The Agency's inspection result accuracy is determined by statistically selecting samples from a random number generator program. Records of the random numbers are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored.

Each year in the Agency's Annual Report to Congress, the Agency's Standards and Procedures Branch reports on activities related to the grading standards. The information provided in the report is used to determine how many grading standards were reviewed during the previous fiscal year.

**Analysis of Results:** The performance goal was met. GIPSA met its target of reviewing 3 standards in FY 1999. The Agency's actual level of performance, 95%, for the statistical accuracy of original inspection results exceeded its targeted of 93% for FY 1999.

The FY 1999 annual performance plan contained additional measures for this objective, however GIPSA analyses determined that these measures did not contribute appreciably to the measurement of program performance and are discontinued for FY 2000. See Appendix A for an explanation regarding the discontinuation of these measures.

**Current Fiscal Year Performance:** Since GIPSA successfully met or exceeded its targeted levels of performance in FY 1999, the Agency anticipates meeting its targeted levels of performance for FY 2000 as given in its performance plan for FY 2000.

**Program Evaluations:** Other than determining its actual level of performance for the two performance indicators under this performance goal, GIPSA did not conduct other program evaluations.

**Objective 2.3:** Provide all segments of American agriculture with cost-effective and responsive official grain inspection and weighing services.

### Key Performance Goals

Provide cost effective and responsive official grain inspection and weighing services:

Cost (\$) of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product.

**Target:** \$0.24

**Actual:** \$0.22

Cost (\$) of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product

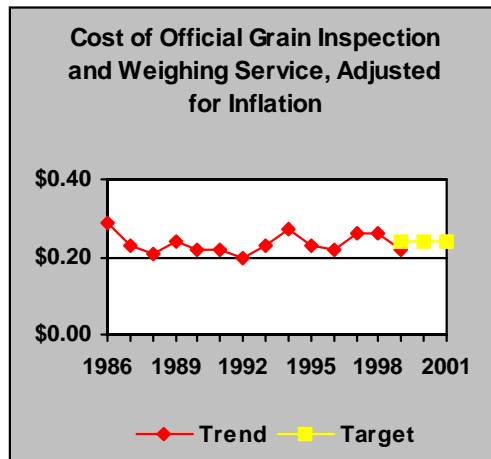
**Target:** \$0.84

**Actual:** \$0.90

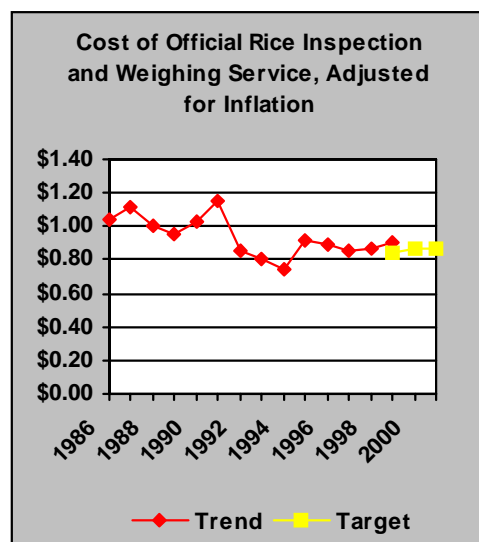
Satisfied customers (%)

**Target:** 88.5%

**Actual:** N/A



Year	Account Expense (000)(\$)	Million Metric Ton Inspected	FY Deflator	Cost of Official Grain I & W Adjusted for Inflation (\$ per Metric Ton)	Target (\$ per Metric Ton)
1986	\$18,549	79.9	.806	\$0.29	
1987	\$18,300	95.0	.830	\$0.23	
1988	\$19,778	111.4	.858	\$0.21	
1989	\$22,566	106.9	.894	\$0.24	
1990	\$21,963	104.8	.932	\$0.22	
1991	\$19,160	91.4	.972	\$0.22	
1992	\$18,814	92.1	1.0	\$0.20	
1993	\$21,632	92.4	1.027	\$0.23	
1994	\$21,415	76.7	1.051	\$0.27	
1995	\$24,015	97.1	1.077	\$0.23	
1996	\$23,285	94.4	1.098	\$0.22	
1997	\$22,972	79.0	1.118	\$0.26	
1998	\$23,021	77.2	1.132	\$0.26	\$0.26
1999	\$22,866	91.2	1.144	\$0.22	\$0.24
2000					\$0.24
2001					\$0.24



Year	Account Expense (000)(\$)	Million Metric Ton Inspected	FY Deflator	Cost of Official Rice I & W Service, Adjusted for Inflation (\$ per Metric Ton)	Target (\$ per Metric Ton)
1986	\$3,429	4.1	.806	\$1.04	
1987	\$3,774	4.1	.830	\$1.11	
1988	\$3,516	4.1	.858	\$1.00	
1989	\$3,665	4.3	.894	\$0.95	
1990	\$3,546	3.7	.932	\$1.03	
1991	\$3,473	3.1	.972	\$1.15	
1992	\$3,347	3.9	1.0	\$0.86	
1993	\$3,848	4.6	1.027	\$0.81	
1994	\$4,022	5.2	1.051	\$0.74	
1995	\$4,275	4.3	1.077	\$0.92	
1996	\$3,715	3.8	1.098	\$0.89	
1997	\$3,343	3.5	1.118	\$0.85	
1998	\$3,821	3.9	1.132	\$0.87	
1999	\$4,106	4.0	1.144	\$0.90	\$0.84
2000					\$0.87
2001					\$0.87

**1999 Data:** The per metric tons cost of the official grain and rice inspection and weighing services are calculated annually. Inspection volume data are reported in the Agency's Grain Inspection and Weighing Information System and Export Grain Information System (for grain) and the Agricultural Marketing Act Output Report (for rice). Inspection volume data originate at the Agency's inspection sites, are reported on

official inspection and weighing certificates, and are downloaded into these systems. The validity of the data, therefore, can be traced to the official inspection and weighing certificates and the related work records.

GIPSA relies upon the National Finance Center's (NFC) Central Accounting System and the Marketing and Regulatory Program Area's Washington Financial Services Branch (WFSB) for its financial data. WFSB obtains monthly financial data from NFC, and, in turn, WFSB prepares monthly financial statements for GIPSA. Each GIPSA manager is responsible for reviewing his/her work units' monthly financial statement. If a manager questions any of the financial data, it is incumbent upon that manager to contact the Agency's Executive Resources Staff (ERS). In turn, ERS contacts WFSB which is responsible for contacting NFC to make any necessary corrections. Because of the "checks" built into the system, GIPSA is confident in the year-end expense figures for the grain and rice inspection and weighing accounts that are used in the calculation of the cost per metric ton performance indicators.

In FY 1997, the Statistics Branch of the Department's Agricultural Marketing Service (AMS) compiled, processed, and analyzed all customer survey data. GIPSA relied upon the expertise of the AMS statisticians to ensure the credibility of the data. In the future, the Agency will use in-house statisticians to compile, process, analyze, verify, and validate survey data.

**Analysis of Results:** The performance goal was met, because the targeted level of performance for the most significant performance indicator under the performance goal was exceeded. For the most significant performance indicator, "cost of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product," GIPSA's actual level of performance, \$0.22, exceeded its targeted level of performance of \$0.24.

For the performance indicator, "cost of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product," GIPSA's actual level of performance, \$0.90, did not meet its targeted level of performance of \$0.84. This occurred because export tonnage and the number of rice inspections were greater than projected. Although the Agency was able to maintain straight time personnel costs at the FY 1998 level, overtime costs increased to handle the increased work load. Also, additional travel was required to respond to inspection needs. In FY 1999, the Agency also had additional one-time costs for equipment (i.e., moisture meters) and for Year 2000 remediation.

Due to the involved nature of the survey clearance process, GIPSA did not conduct a customer survey in FY 1999 as planned. As a result, the Agency has no performance data to report.

The FY 1999 annual performance plan contained additional measures for this objective, however GIPSA analyses determined that these measures did not contribute appreciably to the measurement of program performance and are discontinued for FY 2000. See Appendix A for an explanation regarding the discontinuation of these measures.

**Descriptions of Actions and Schedules:** It is important to note that based on evaluation of the rice account, GIPSA revised its targeted level of performance from \$0.84 to \$0.87 per metric ton as adjusted for inflation. The revised figures appeared in the Agency's Annual Performance Plans for FY 2000 and 2001. The Agency will continue to carefully monitor the rice account paying special attention to revenue, cost, and workload data. The intent of this analysis is to identify program areas where efficiency could be improved. Based upon this analysis, GIPSA will determine if further modification in the current program and performance indicator are necessary.

GIPSA has entered its information collection package pertaining the customer survey into Departmental clearance. If the package is cleared and approved in FY 2000, GIPSA will survey customers of the official inspection and weighing system in FY 2000.

**Current Fiscal Year Performance:** Based upon GIPSA's analysis of the rice program, GIPSA will consider



if modification to the current program and performance indicator are necessary.

**Program Evaluations:** During FY 2000 and on an on-going basis, GIPSA program managers and staff specialists familiar with the rice program will continue to carefully analyze all rice account revenue, cost, and workload data. No other evaluations were conducted.

**Objective 2.4:** Protect the integrity of U.S. grain marketing by regulating grain weighing and handling practices, and regulating the providers of official grain inspection and weighing services.

### Key Performance Goals

#### Protect the integrity of U.S. grain marketing:

Official Agency compliance with designation criteria (%).

**Target:** 100%

**Actual:** 100%

Statistical accuracy of Official Agency inspection results (%).

**Target:** 94%

**Actual:** 95%

Complaints and violation reports investigated (#).

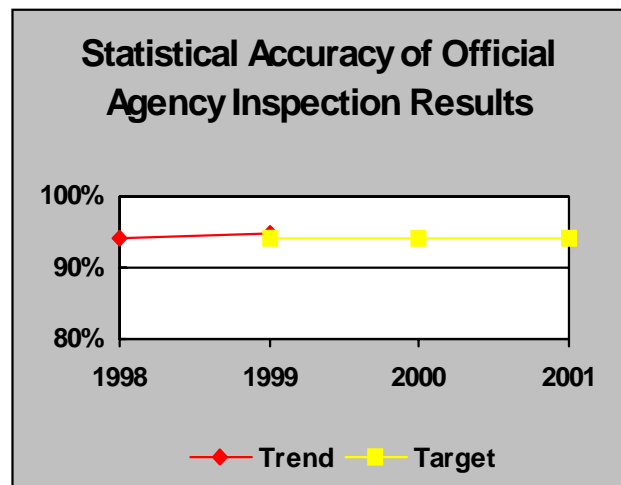
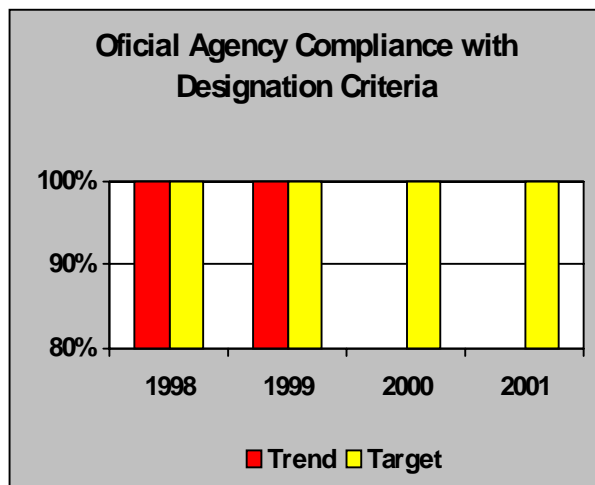
**Target:** 50

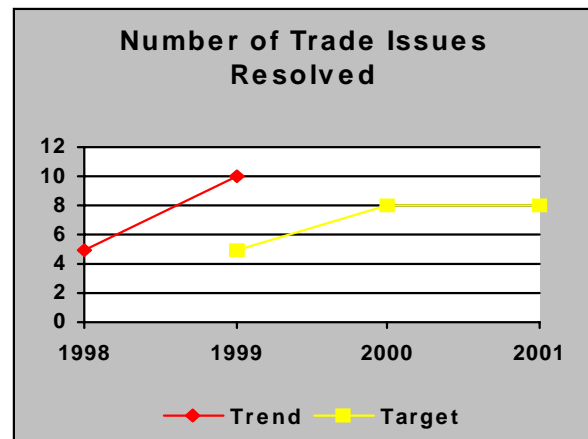
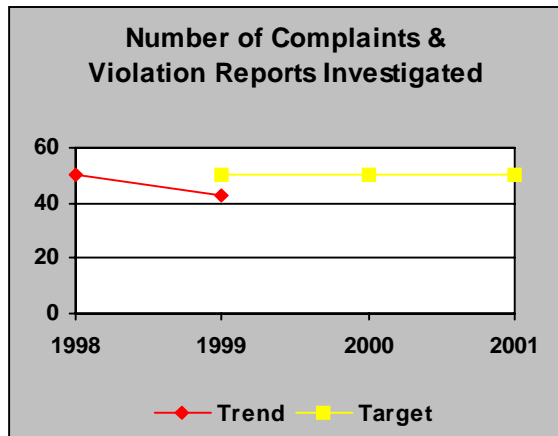
**Actual:** 43

Trade issues resolved (#).

**Target:** 5

**Actual:** 10





**1999 Data:** Official Agencies are designated for up to 3 years. During this time period, these agencies receive at least one operational review to verify that they are meeting all the designation criteria. In addition to providing accurate inspection services, the official agencies must meet all the criteria cited in the U.S. Grain Standards Act. If they do not meet this criteria, their designation is not renewed. GIPSA prepares written performance reports of the agencies' operation, and electronically monitors the actions initiated by the Agencies to address all needed correction.

The Official Agencies' inspection accuracy is determined, in large part, by statistically selecting samples from a random number generator program. Selections are made only after the original results have been provided to producers or marketers. Records of the random number are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored. Completion of the original inspecting results databased will allow GIPSA to perform this operation electronically rather than manually. This should also enhance the verification and validation process.

All reported violations and complaints (foreign and domestic) are investigated thoroughly, including conducting on-site evaluations, if appropriate. All complaints and reported violations are logged in, and the progress of the actions taken are electronically monitored until each situation is resolved. Upon resolution, the complainants are advised of the actions taken by GIPSA.

The Agency's International Monitoring Staff (IMS) keeps track of all trade issues in which it has involvement via a simple database. Throughout the year, IMS tracks whether issues have been resolved and shares this information with the Office of the Administrator.

**Analysis of Results:** The performance goal was met. GIPSA met its targeted levels of performance for the indicators, "Official Agency compliance with designation criteria (%)." The Agency exceeded its targeted levels of performance for the performance indicators, "statistical accuracy of Official Agency inspection results (%)," "complaints and violation reports investigated (#)," and "trade issues resolved."

The FY 1999 annual performance plan contained additional measures for this objective, however GIPSA analyses determined that these measures did not contribute appreciably to the measurement of program performance and are discontinued for FY 2000. See Appendix A for an explanation regarding the discontinuation of these measures.

**Current Fiscal Year Performance:** Since GIPSA successfully met or exceeded its targeted levels of performance in FY 1999, the Agency anticipates meeting its targeted levels of performance for FY 2000 as given in its performance plan for FY 2000.

**Program Evaluations:** No program evaluations were conducted.

**Management Initiative 1:** Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.

GIPSA discontinued its FY 1999 performance goals and has developed a new performance goal. See Appendix A for an explanation regarding the discontinuation of the FY 1999 goals. The revised FY 2000 and 2001 Annual Performance Plans reflect the new performance goal.

**Management Initiative 2:** Ensure prudent financial management throughout the Agency.

### Key Performance Goals

<u>Number of deficiencies and/or nonconformances.</u>	
<b>Target:</b>	0
<b>Actual:</b>	0

**1999 Data:** It is the GIPSA management team's responsibility to identify any material weaknesses in the Agency's program or nonconformance in GIPSA's financial management systems. Should deficiencies and/or system nonconformance be identified during the course of review, audits, or evaluations, GIPSA includes in its annual report to the Secretary of Agriculture, in accordance with the Federal Managers' Financial Integrity Act (FMFIA), such findings, a corrective action plan for resolving the identified areas, and the progress the Agency has made towards resolving such deficiencies and/or nonconformances or any significant previously identified problem areas.

**Analysis of Results:** The performance goal was met. GIPSA identified no deficiencies and system nonconformances as indicated in the FY 1999 FMFIA report.

**Current Fiscal Year Performance:** Since GIPSA successfully met its targeted level of performance in FY 1999, the Agency anticipates meeting its targeted level of performance for FY 2000 as given in its performance plan for FY 2000.

**Program Evaluations:** In accordance with the FMFIA, GIPSA has established internal accounting and administrative controls in the Agency's programs and financial management system according to procedures and standards prescribed by the Comptroller General and annually reports to the Secretary on the condition of the Agency's internal controls. More specifically, GIPSA reviews its programs and financial management systems to ensure that: controls and security measures are adequate; clientele information collected and generated is managed properly; and financial management systems comply with management, financial, accounting, budget, and information resources management standards.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

### DISCONTINUED PERFORMANCE MEASURES

**Goal 2:** Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

**Objective 2.3:** Provide all segments of American agriculture with cost-effective and responsive official grain inspections and weighing services.

#### Discontinued Performance Measures

Provide cost effective and responsive official grain inspection and weighing services:

- Quantity of grain officially inspected (MMT) for export by Federal personnel
- Quantity of grain officially inspected (MMT) for export by delegated state/Official Agency personnel
- Quantity of grain officially inspected (MMT) domestically
- Total quantity of grain officially inspected (MMT)
- Inspections and reinspections (#) by Federal personnel
- Inspections and reinspections (#) by delegated State/Official Agency licensees
- Total inspections and reinspections (#)
- Grain appeals by Field Offices (#)
- Grain appeals by the Board of Appeals And Review (#)
- Quantity of rice inspected (MMT; milled basis)
- Quantity of rice exports (MMT; milled basis)

**Explanation:** Data for the performance indicator, “percentage of U.S. grain production officially inspected,” would have come from a number of different and potentially unverifiable data sources. Hence, efforts to collect this data were canceled. All of the other performance indicators listed above were directly or indirectly related to the quantity of grain and rice traded - something over which GIPSA has no control or measurable influence. Any data collected would not have contributed to determining GIPSA’s performance relative to the applicable objective. As a result, this performance information was not included.

**Management Initiative 1:** Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.

#### Discontinued Performance Measures

Develop a 5-year workforce plan.

Implement GIPSA's workforce plan.

**Explanation:** GIPSA is committed to the workforce planning process and to making continuous improvements in this area. As a result of an internal review, GIPSA has determined that the measures, “develop a 5-year workforce plan,” and “implement GIPSA’s workforce plan,” are not conducive to quantification. GIPSA has replaced these measure with a new quantitative measure which is reflected in the revised FY 2000 and 2001 Annual Performance Plans.